

Message Text

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PAGE 01 MANILA 08253 01 OF 02 190646Z

ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11

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SIL-01 OMB-01 STR-07 CEA-01 NEA-11 IO-13 HA-05

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5968

LIMITED OFFICIAL USE SECTION 01 OF 02 MANILA 08253

USADB

FOR NAC AGENCIES

EO 11652:N/A

TAGS:EAID, EFIN, SHUM, ADB

SUBJECT: ADVANCED INFORMATION ON PROJECTS FOR HUMAN
RIGHTS CONSIDERATION

IN ORDER TO PROVIDE WASHINGTON WITH AS MUCH TIME AS
POSSIBLE TO CONSIDER HUMAN RIGHTS ASPECTS OF ADB PROJECTS,
WE ARE SUBMITTING INFORMATION ON THE FOLLOWING PROJECTS
THAT ARE TENTATIVELY SCHEDULED FOR BOARD CONSIDERATION
IN JULY.

1. ASHUGANJ FERTILIZER PROJECT COST OVERRUN (BANGLADESH)

A. PROJECT: THE PROJECT IS TO ESTABLISH A COMPLETE AND
INTEGRATED AMMONIA/UREA FERTILIZER COMPLEX OF ASHUGANJ ON
THE EASTERN BANK OF THE MEGHNA RIVER IN THE DISTRICT OF
COMILLA IN BANGLADESH. THE PROJECT INVOLVES THE
FOLLOWING MAJOR COMPONENTS: (I) ACQUISITION AND
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PAGE 02 MANILA 08253 01 OF 02 190646Z

DEVELOPMENT OF THE PLANT SITE AT ASHUGANJ; (II) DESIGN,
ENGINEERING AND CONSTRUCTION OF A 925 TONS PER DAY (TPD)
AMMONIA PLANT; (III) DESIGN, ENGINEERING AND CONSTRUCTION
OF A 1,600 TPD UREA PLANT; (IV) CONSTRUCTION OF UTILITIES
AND SUPPORTING FACILITIES TO SERVE THE AMMONIA AND UREA
PLANTS; (V) CONSTRUCTION OF OFFICE AND PLANT BUILDINGS
AND A STAFF HOUSING COLONY OR PERSONNEL TO BE EMPLOYED

IN THE MANAGEMENT AND OPERATION OF THE PROJECT;
(VI) PROVISION OF THE SERVICES OF A TEAM OF TECHNICAL ADVISORS TO ASSIST AND ADVISE ON CONSTRUCTION AND START-UP OF THE PROJECT; (VII) PROVISION OF A TEAM OF MANAGEMENT ADVISORS TO ASSIST AND ADVISE ON INITIAL MANAGEMENT AND OPERATION OF THE PROJECT; AND (VIII) PROVISION OF TRAINING TO TECHNICAL PERSONNEL OF THE EXECUTING AGENCY.

B. COST: US 338.7 MILLION DOLLARS BROKEN DOWN INTO US 188.2 MILLION DOLLARS IN FOREIGN CURRENCY AND US 150.5 MILLION DOLLARS IN LOCAL CURRENCY. COST OVERRUN IN FOREIGN CURRENCY: US 45.9 MILLION DOLLARS. THE BANK PROPOSES TO LEND ABOUT US 10.0 MILLION DOLLARS EQUIVALENT SPECIAL FUNDS RESOURCES. OTHER SOURCES OF FINANCE INCLUDE: IDA, USAID, KFW (GERMANY), ODM (UK), AND SWITZERLAND TO SHARE THE BALANCE OF THE FOREIGN COST OVERRUN. THE LOCAL CURRENCY PORTION TO BE FINANCED BY THE GOVERNMENT OF BANGLADESH.

C. BENEFITS: THE PROJECT IS ESTIMATED TO EMPLOY ABOUT 1,200 PERSONS. OF THESE, SOME 525 WILL BE KEY TECHNICAL, MAINTENANCE AND OPERATIONAL PERSONNEL ENGAGED IN AMMONIA PRODUCTION (116), UREA PRODUCTION (112), THE MAINTENANCE DEPARTMENT (260), AND THE LABORATORY (37). AN AVERAGE OF 2,200 LOCAL CONSTRUCTION WORKERS ARE EXPECTED TO BE EMPLOYED DURING CONSTRUCTION OF THE PLANT. INDIRECT EMPLOYMENT, HOWEVER, WILL BE MUCH MORE SUBSTANTIAL AS LIMITED OFFICIAL USE

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PAGE 03 MANILA 08253 01 OF 02 190646Z

ADDITIONAL PERSONNEL WILL BE NEEDED FOR TRANSPORTATION, STORAGE AND DISTRIBUTION OF THE INCREASED FERTILIZER QUANTITIES RESULTING FROM SUBSTANTIALLY IMPROVED AND SUSTAINED DOMESTIC AVAILABILITY ACHIEVED BY THE PROJECT. ONE OF THE MAIN POLICY MEASURES OF THE GOVERNMENT OF BANGLADESH IS TO ACHIEVE SELF-SUFFICIENCY IN FOOD GRAINS. THE PROJECT WILL HELP INCREASE THE AVAILABILITY OF NITROGENOUS FERTILIZER AT REASONABLE PRICES TO THE COUNTRY, AND THEREBY REDUCE THE COUNTRY'S DEPENDENCE ON RELATIVELY COSTLY IMPORTS OF THAT COMMODITY. THIS IN TURN SHOULD RESULT IN LOWER PRICES OF NITROGENOUS FERTILIZER TO FARMERS AND HELP PROMOTE INCREASED FERTILIZER APPLICATION TO BOOST FOOD PRODUCTION, SELF-SUFFICIENCY IN FOODGRAINS WILL IMPROVE THE FOREIGN EXCHANGE POSITION OF BANGLADESH AND EXPAND ITS CAPACITY FOR IMPORTS OF ESSENTIAL CAPITAL GOODS AND TECHNOLOGY.

2. SENIOR TECHNICAL SCHOOLS PROJECT (STM PROJECT, INDONESIA)

A. PROJECT: THE PROJECT INVOLVES THE UPGRADING OF 17 STMS AND THE DEVELOPMENT OF A SUPPORTING TEACHER TRAINING

UPGRADING CENTER (TTUC) THE FORMER WITH A TOTAL STUDENT CAPACITY OF ABOUT 18,000 PUPILS WITHIN THE 16-18 YEARS AGE RANGE. PROJECT COMPONENTS MAY BE CONSIDERED UNDER TWO MAIN HEADINGS: (I) SUPPORT OF THE PHYSICAL DEVELOPMENT OF THE STMS AND TTUC; AND (II) TECHNICAL SERVICES FOR EDUCATIONAL PLANNING, COURSE DEVELOPMENT, CURRICULUM UPGRADING, TEACHER TRAINING, ETC.
B. COST: 41.0 MILLION DOLLARS BROKEN DOWN INTO: 19.0 MILLION DOLLARS IN FOREIGN CURRENCY; AND (B) 22.0 MILLION DOLLARS IN LOCAL CURRENCY COST. THE BANK PROPOSES TO LEND 19.0 MILLION DOLLARS EQUIVALENT FROM ORDINARY CAPITAL RESOURCES.

C. BENEFITS: THE PROJECT WILL PROVIDE THE OPPORTUNITY LIMITED OFFICIAL USE

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PAGE 04 MANILA 08253 01 OF 02 190646Z

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PAGE 01 MANILA 08253 02 OF 02 192225Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 MANILA 08253

FOR YOUTH THROUGHOUT INDONESIA TO GAIN BROAD-BASED SKILLS COUPLED WITH A KNOWLEDGE OF BASIC TECHNOLOGY SUFFICIENT TO ALLOW A GOOD OPPORTUNITY OF GAINFUL EMPLOYMENT IN A WIDE RANGE OF OCCUPATIONS IN BOTH THE INDUSTRIAL AND THE COMMERCIAL FIELDS. PREVIOUSLY, THIS TYPE OF EDUCATION WAS AVAILABLE ONLY TO PUPILS RESIDING IN THE LARGER URBAN AREAS AND THUS MANY YOUNG PEOPLE WITH TECHNICAL

ASPIRATIONS AND APTITUDES WERE DENIED THE POSSIBILITY OF SELF-FULFILLMENT AND ADVANCEMENT.

3. FORESTRY AND FOREST INDUSTRIES DEVELOPMENT (LAOS)

A. PROJECT: THE PROJECT INVOLVES RE-HABILITATION OF AN EXISTING PLYWOOD MILL, COMPLETION OF A PRODUCTION LINE FOR SLICED VENEER, PROVISION OF A NEW SAWMILL WITHIN THE SAME INDUSTRY COMPOUND, ROAD CONSTRUCTION AND LOGGING, THE UTILIZATION OF WOOD RESIDUES, PLANT AND MACHINE MAINTENANCE, REFORESTATION AND CONSULTANT SERVICES.

B. COST: THE TOTAL COST OF THE PROJECT - INCLUDING LABOR AND OPERATING COSTS DURING THE FIRST FIVE YEARS - IS ESTIMATED AT US 25.8 MILLION DOLLARS OF WHICH US 10.8 LIMITED OFFICIAL USE

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PAGE 02 MANILA 08253 02 OF 02 192225Z

MILLION DOLLARS IS FOREIGN EXCHANGE.

C. BENEFITS: THE PROJECT WILL EARN SOME US 6.3 MILLION DOLLARS/YEAR IN AVERAGE OVER THE FIVE YEAR PERIOD IN FOREIGN CURRENCY WHICH IS A CONSIDERABLE CONTRIBUTION IN THE LAOTIAN CONTEXT. BY THE FIFTH YEAR 930 PEOPLE WILL BE DIRECTLY EMPLOYED ON PERMANENT BASIS. WITH REFERENCE TO BENEFICIARIES THE PROJECT SHOULD BE VIEWED AGAINST THE BACKGROUND OF A PRONOUNCED GOVERNMENT POLICY OF INCREASING THE LIVING STANDARD OF THE PEOPLE, FIRSTLY THROUGH INCREASED AGRICULTURE PRODUCTION AND SECONDLY THROUGH INCREASED EXPORTS FROM THE FORESTRY AND FOREST INDUSTRIES SECTOR.

4. D.G. KHAN CEMENT PROJECT (PAKISTAN)

A. PROJECT: THE PROJECT INVOLVES THE SETTING UP OF A CEMENT PLANT WITH AN INSTALLED CAPACITY OF 600,000 METRIC TONS OF ORDINARY PORTLAND CEMENT PER ANNUM. THE PROJECT COMPONENTS INCLUDE: (A) RAW MATERIAL TRANSPORT SYSTEM; (B) MINING AND QUARRYING EQUIPMENT AND FACILITIES; (C) CEMENT PLANT MACHINERY AND EQUIPMENT COMPLETE WITH ALL ANCILLARIES AND FACILITIES SUCH AS STAND-BY POWER GENERATORS, ELECTRICAL DISTRIBUTION AND LIGHTING SYSTEM, WATER AND GAS SUPPLY SYSTEMS, LABORATORY FACILITIES AND MAINTENANCE SHOPS; (D) STAFF HOUSING AND OTHER FACILITIES FOR QUARRY AND CEMENT PLANT PERSONNEL; (E) PROFESSIONAL SERVICES INCLUDING DESIGN AND ENGINEERING SERVICES, AND CONSULTANTS SERVICES; AND (F) TRAINING OF STAFF ABROAD.

B. COST: 107 MILLION DOLLARS BROKEN DOWN INTO: (1) 51.5 MILLION DOLLARS IN FOREIGN CURRENCY COSTS; AND (2) 55.5 MILLION DOLLARS IN LOCAL CURRENCY COSTS. THE BANK

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PAGE 03 MANILA 08253 02 OF 02 192225Z

PROPOSES TO LEND 51.5 MILLION DOLLARS EQUIVALENT FROM THE BANK'S ORDINARY CAPITAL RESOURCES.

C. BENEFITS: THE PROJECT WILL GENERATE DIRECT EMPLOYMENT FOR A WORK FORCE OF APPROXIMATELY 2,000 DURING CONSTRUCTION AND A WORK FORCE OF 500 FOR OPERATING THE PLANT DURING THE ECONOMIC LIFE SPAN OF 15 YEARS. ON THE BASIS OF ESTIMATED TOTAL ECONOMIC CAPITAL COSTS OF RS. 757.0 MILLION (US 76.5 MILLION DOLLARS) CAPITAL INTENSITY WILL AMOUNT TO 153,000 DOLLARS PER JOB. THIS IS COMPARATIVELY CAPITAL-INTENSIVE. HOWEVER, ADB STAFF APPLIED THE PRODUCT-PATH-ANALYSIS TECHNIQUE, IN ORDER TO DETERMINE THE SHARE OF LOW INCOME GROUPS IN THE END USE OF THE PRODUCT CEMENT. IN THE SPECIFIC CIRCUMSTANCES OF PAKISTAN, THE SHARE FOR PRIVATE HOUSING HAS BEEN CALCULATED AT 27 PERCENT AND THE TOTAL LOW INCOME GROUP SHARE FOR ALL CEMENT CONSUMING SECTORS AMOUNTS TO ALMOST 45 PERCENT. EDMOND

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